

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

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**In the Matter of:**

**Chicago Title Insurance Company**

**Settlement Agent for**

**Allied Houston Bank**  
**Houston, Texas**  
**OTS No. 08315**

**and other savings associations.**  
\_\_\_\_\_

**OTS Order Nos. MWR 05-2**  
**MWR 05-3**

**Date: February 25, 2005**

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN  
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF  
AND FOR THE ASSESSMENT OF CIVIL MONEY PENALTIES**

**WHEREAS**, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding for affirmative relief, and to assess civil money penalties, against Chicago Title Insurance Company ("Chicago Title"), settlement agent and service provider to Allied Houston Bank, Houston, Texas (OTS No. 08315), Ohio Savings Bank, Cleveland, Ohio (OTS No. 04072), and Guaranty Federal Savings Bank, Dallas, Texas (OTS No. 08534), pursuant to Sections 8(b) and 8(i) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. 1818(b) and (i),<sup>1</sup> and

**WHEREAS**, Chicago Title is cooperating with the OTS and desires to avoid the time and expense of such administrative proceedings, and

<sup>1</sup> All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

**WHEREAS**, Chicago Title enters into the Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief and for the Assessment of Civil Money Penalties (“Stipulation”), (i) without any adjudication on the merits, (ii) without admitting or denying that grounds exist to initiate administrative proceedings, except as to Jurisdiction (Paragraph 1, below), which is admitted; (iii) without admitting or denying the Findings of Fact; and (iv) solely for the purpose of settling this matter in accordance with Rule 408 of the Federal Rules of Evidence and equivalent state provisions.

**NOW, THEREFORE**, on these premises, Chicago Title hereby stipulates and agrees as follows:

1. Jurisdiction.

- (a) Allied Houston Bank, Ohio Savings Bank, and Guaranty Federal Savings Bank are “savings associations” within the meaning of 12 U.S.C. 1813(b) and 12 U.S.C. 1462(4). Accordingly, they are “insured depository institutions” as that term is defined in 12 U.S.C. 1813(c)(2).
- (b) Chicago Title serves or served as settlement agent and service provider to insured depository institutions, including the above listed savings associations, and to other entities, through its officers, employees and agents, in connection with the settlement of federally and non-federally related mortgage transactions throughout the United States.

- (c) Pursuant to 12 U.S.C. 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative cease and desist proceeding, and a civil money penalty proceeding, against Chicago Title. Therefore, Chicago Title is subject to the jurisdiction of the OTS to initiate and maintain administrative proceedings against it pursuant to 12 U.S.C. 1818(b) and (i). The Director of the OTS has delegated to the Regional Director of the Midwest Region of the OTS or to his/her designee (“Regional Director”) the authority to issue cease and desist orders and civil money penalty assessments where the parties have consented to the issuance of such orders.

2. OTS Findings of Fact.

(a) Chicago Title, through its officers or employees, provides settlement services to the above listed savings associations. In providing these services, Chicago Title engaged in a pattern of violating the Real Estate Settlement Procedures Act, 12 U.S.C. 2601 et seq., and the regulations promulgated thereunder, 24 C.F.R. Part 3500 (“RESPA”), by providing inaccurate HUD-1 Settlement Statements to the lending savings associations and borrowers that failed to reflect accurately all actual charges, adjustments and disbursements in connection with the settlement of federally related mortgage transactions. Chicago Title, through its officers or employees, additionally provided inaccurate HUD-1 Settlement Statements to federally insured depository institution lenders and borrowers that failed to reflect accurately all actual charges, adjustments and

disbursements in connection with the settlement of non-federally related mortgage transactions. These inaccuracies were due to deficiencies in Chicago Title's compliance policies, procedures, systems and controls governing settlements that it performed on behalf of insured depository lenders.

3. Consent.

Chicago Title consents to the issuance by the OTS of the accompanying Order to Cease and Desist for Affirmative Relief ("Cease and Desist Order") and Order Assessing Civil Money Penalties ("CMP Order")(together "Orders"). Chicago Title further agrees to comply with the terms of the Orders upon their issuance and stipulates that the Orders comply with all requirements of law.

4. Finality.

The Orders are issued under 12 U.S.C. 1818(b) and (i). Upon their issuance by the Regional Director, they shall be final orders, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. 1818(i).

5. Waivers.

Chicago Title waives the following:

- a. the right to be served with any written notice of the OTS's charges against it as provided by 12 U.S.C. 1818(b) and (i).
- b. the right to an administrative hearing of the OTS's charges against it as provided by 12 U.S.C. 1818(b) and 1818(i)(2)(H).
- c. the right to seek judicial review of the Orders including, without limitation, any such right provided by 12 U.S.C. 1818(h) and (i), or otherwise to challenge the validity of the Orders;

- d. any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or to the Orders, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. 504, or 28 U.S.C. 2412; and
- e. the right to assert this proceeding, its consent to the Orders, and/or the issuance of the Orders, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. Other Governmental Actions Not Affected.

- a. Upon the OTS's issuance of the accompanying Orders, following the OTS's acceptance of this Stipulation executed by Chicago Title, OTS does release and discharge Chicago Title from all potential claims and charges that have been or might have been asserted by the OTS, based on the violations described in the Findings of Fact set forth in Paragraph 2 of this Stipulation, to the extent known to the OTS as of the effective date of the accompanying Orders. However, the violations described in Paragraph 2 of this Stipulation may be utilized by the OTS in future enforcement actions to establish a pattern or practice of violations, or the continuation of a pattern or practice of violations. This release shall not preclude or affect any right of the OTS to determine and ensure compliance with the terms and provisions of this Stipulation and the accompanying Orders.

- b. Chicago Title is primarily regulated by state insurance authorities.

Other than as set forth in this Stipulation, nothing herein shall constitute, nor shall the OTS contend that it constitutes, a waiver of any right of Chicago Title to challenge the authority or jurisdiction of the OTS with respect to the business activities of Chicago Title, except as to settlements that Chicago Title performs for or on behalf of insured depository institution lenders.

- c. Chicago Title acknowledges and agrees that its consent to the issuance of the accompanying Orders is solely for the purpose of resolving certain potential OTS administrative enforcement charges as provided in Paragraph 6(a) above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, liability, or other administrative, civil, or criminal proceedings that arise pursuant to this action or otherwise, and that may be or have been brought by another governmental entity.

7. Agreement for Continuing Cooperation.

Chicago Title agrees that, on reasonable notice and without service of a subpoena, it will promptly respond to any written request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with the Orders.

8. Miscellaneous.

- a. The construction and validity of this Stipulation and the Orders shall be governed by the laws of the United States of America.

- b. If any provision of this Stipulation or the Orders is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions thereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.
- c. All references to the OTS in this Stipulation and in the Orders shall also mean any of the OTS's predecessors, successors, and assigns.
- d. The section and paragraph headings in this Stipulation and the Orders are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Orders.
- e. The terms of this Stipulation and the Orders represent the final agreement of the parties with respect to the subject matters hereof and constitute the sole agreement of the parties with respect to such subject matters.

**WHEREFORE**, Chicago Title executes this Stipulation, intending to be legally bound hereby.


  
Chicago Title Insurance Company

By: PETER T. SADOWSKI

Title: Executive Vice-President  
Date: 2-23-05

Accepted by:

Office of Thrift Supervision

  
Frederick R. Casteel  
Midwest Regional Director